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World Production and Trade

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250-1000

Weekly Roundup
WR 4-89
Jan. 26, 1989

The Foreign Agricultural Service of U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

SOVIET UNION Releases 1988 Agricultural Results. The 1988 plan fulfillment report for the USSR was released on January 21 and contained the following agricultural results for the year, according to the U.S. agricultural counselor's office in Moscow.

Commodity	Annual average 1981-85	Annual average 1986-88	1987	1988
	(Million metric tons)			
Grain	180.3	205.5	211.4	195.0
Sugarbeets	76.4	85.9	90.4	87.8
Sunflowerseed	5.0	5.9	6.1	6.2
Cotton (raw)	8.3	8.3	8.1	8.7
Potatoes	78.4	75.3	75.9	62.7
Vegetables	29.2	29.4	29.2	29.3
Fruits and Berries	10.4	9.5	8.2	8.9
Flax (1,000 tons)	377	374	425	323
Meat (slaughter weight)	16.2	18.8	18.9	19.3
Milk	94.6	104.1	103.8	106.4
Eggs (billions)	74.4	82.7	82.7	84.6
Wool (1,000 tons)	457	469	461	476

Among the grain crops, wheat production was 84.5 million tons; corn, 16.0 million; and rice, 2.9 million. The output of other grain crops was said to have decreased in 1988. The average yield for the total grain harvest was 1.7 tons per hectare, compared with 1.83 tons in 1987.

Cotton procurements by the state, in terms of fiber, were 2.7 million tons, up from 2.5 million in 1987. Long-staple procurement totaled 405,000 tons, up 34,000 tons from 1987.

Livestock inventories as of January 1 were:

	Total 1988	Total 1989	Total of which privately held 1988	Total of which privately held 1989
	(Million head)			
Cattle	120.6	118.8	23.4	23.5
(Cows)	42.0	41.5	12.9	12.7
Hogs	77.4	77.7	13.6	14.3
Sheep and goats	147.3	145.9	33.4	33.1

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Per capita consumption of meat in the USSR was 65 kilograms, up from 64 kilograms in 1987. Per capita milk consumption rose to 351 kilograms in 1988, up from 341 the year before.

GRAIN AND FEED

Increased FRENCH Corn Exports Could Hurt U.S. Sales to Mediterranean Countries. France is expecting record corn production of 13.6 million tons this year. Because of this, and the fact that corn demand is down in other European Community (EC) markets, the French are likely to seek out markets in the Mediterranean region, which would have a serious impact on U.S. corn exports there. French sales to the Mediterranean market would require subsidies, with the result that subsidized corn sales could reach some 2.4 million tons, according to grain traders. EC export authorizations for corn totaled nearly 700,000 tons for the first six months of the 1988/89 marketing year, three times last year's pace.

FRUITS

SOUTHERN HEMISPHERE Production of Deciduous Fruits and Grapes Continues To Expand. South America accounts nearly for 60 percent of the commercial volume of deciduous fruits and grapes produced annually in the Southern Hemisphere. Argentina, the leading producer, is expected to harvest moderately smaller fruit crops during the 1988/89 season due to frost damage in several key provinces. The impact on tree fruits appears varied. Apples and pears sustained minimal damage. Stone fruit crops, however, suffered significant blossom damage. Compared to last year, initial assessments indicate a 19-percent decline in apricot production and a 14-percent drop in the peach/nectarine crop. Grape vines wintered well and no decline in production is foreseen.

Chile's total deciduous fruit and table grape production is forecast to reach a record 1,469,500 tons during the 1988/89 season, up 11 percent from last year. While other field crops withered from severe drought conditions, the impact on fruit and grape crops was neutralized by extensive irrigation. In terms of production volume, apples and table grapes remain the cornerstones of Chile's fruit industry. However, many other popular summer fruits have recorded significant production gains over the past several years. The impetus behind the rapid development of the Chilean fruit industry has been the financial and economic incentives prevalent during the early 1980s--incentives that encouraged producers to plant new orchards and vines to secure additional supplies for export. The subsequent increase in production and export volumes has begun to depress prices in both domestic and export markets. This factor, coupled with increased demands on the country's infrastructure, is expected to slow the rate of future plantings.

Australia, New Zealand and South Africa are the other three commercially important fruit producers in the Southern Hemisphere. Forecasts for the current season indicate that the fruit harvest for both Australia and New Zealand will exceed last year. However, in Australia it only the apple crop that is significantly better. An excessively mild winter, characterized by high temperatures and hot, dry winds, hurt production of all fruits except apples. The 1988/89 apple crop is now pegged at 386,000 tons--19 percent above last year and potentially the largest crop harvested in Australia since the 1972/73 season. Reportedly, the weather impact was more than offset by two concurrent events--an "on-year" in the bearing cycle and an all-time high in the number of bearing trees.

Production prospects for New Zealand appear exceptional. The 1988/89 season is expected to yield record crops of apples, peaches and nectarines, as well as ample harvests of pears and apricots. As in Chile, the continuing upswing in production volumes can be attributed to new orchards coming into production over the past several years.

Although projected to be moderately below last season's total volume, the majority of South Africa's 1988/89 harvests appear very promising. Hail damage to the apple crop resulted in some minor production losses. However, if current assessments prove correct, South Africa's farmers will harvest record levels of pears, apricots and table grapes, as well as the largest peach/nectarine crop since the 1980/81 season.

Production of deciduous fruits and table grapes in selected countries of the Southern Hemisphere is as follows, in 1,000 metric tons.

	1987	1988	1989 1/
Argentina			
Apples	1,078.0	1,000.0	990.0
Pears	252.1	240.0	230.0
Apricots	12.4	13.0	10.5
Peaches and nectarines	181.1	210.0	180.0
Table grapes	110.0	120.0	120.0
Total	1,633.6	1,583.0	1,530.5
Australia			
Apples	362.0	324.0	386.0
Pears	146.0	150.0	128.0
Apricots	29.5	29.5	28.7
Cherries (sweet and sour)	6.1	7.1	6.5
Peaches and nectarines	73.0	75.0	65.0
Total	616.6	585.6	614.2
Chile			
Apples	580.0	630.0	678.0
Pears	74.0	80.0	110.0
Apricots	11.8	12.5	16.0
Cherries (sweet and sour)	6.3	8.6	10.5
Peaches and nectarines	147.0	151.4	160.0
Table grapes	370.0	440.0	495.0
Total	1,189.1	1,322.5	1,469.5
New Zealand			
Apples	343.9	353.0	385.0
Pears	14.2	15.5	16.0
Apricots	8.7	8.5	9.0
Peaches and nectarines	28.0	28.5	32.0
Total	394.8	405.5	442.0

	1987	1988	1989
South Africa			
Apples	470.2	525.5	510.0
Pears	173.3	194.1	200.0
Apricots	42.2	46.4	47.5
Peaches and nectarines	148.9	151.0	151.5
Table grapes	98.5	97.8	100.0
Total	933.1	1,014.8	1,009.0
Southern Hemisphere total			
Apples	2,834.1	2,832.5	2,949.0
Pears	659.6	679.6	684.0
Apricots	104.6	109.9	111.7
Cherries (sweet and sour)	12.4	15.7	17.0
Peaches and nectarines	578.0	615.9	588.5
Table grapes	578.5	657.8	715.0
Total fruits and grapes	4,767.2	4,911.4	5,065.2

Note: Apples and pears actually crop years 1986/87, 1987/88 and 1988/89. Stone fruits and table grapes are calendar years as specified.
1/ Forecast.

SUGAR

BRAZILIAN Sugar Production Lowered. Brazil's 1988/89 sugar production has been revised to 8.5 million tons (raw value), down 200,000 tons from the previous forecast, according to the U.S. agricultural officer in Rio de Janeiro. A review of recent sugar authorization figures for 1988/89 indicated a total cane crush of 228 million tons, 89 million tons of which is authorized to be milled for sugar and 139 million tons of which is to be used for alcohol production.

WEEKLY EXCHANGE RATE DEVELOPMENTS

The U.S. dollar ended the week of January 20 up against all major currencies except the Canadian dollar.

Currencies	Current rate 01/19/89	----Percent change from------- week ago 01/12/88	month ago 12/22/88	year ago 01/88
Argentine austral	16.6400	1.77	5.25	343.02
Australian dollar	1.1534	0.00	-1.47	-17.89
Brazilian cruzado	.9900	20.72	47.03	1178.31
Canadian dollar	1.1875	-0.88	-0.73	-7.52
South African rand	2.3893	0.33	0.92	21.17
Thai baht	25.3300	0.32	0.72	0.51
ECU	0.8980	2.64	5.20	12.37
British pound	0.5696	1.53	2.45	2.58
French franc	6.3355	1.60	4.65	13.54
West German mark	1.8593	1.76	4.85	12.43
Japanese yen	128.9500	2.02	3.41	1.04
South Korean won	683.0000	-0.10	-0.26	-13.65
New Taiwan dollar	27.7300	-1.07	-1.46	-2.73

Exchange rates are spot as of 3 p.m. Eastern Time, January 19, 1989.

Selected International Prices

Item	January 24, 1989		Change from a week ago	A year ago
	$ per MT	$ per bu.	$ per MT	$ per MT
ROTTERDAM PRICES 1/				
Wheat:				
Canadian No. 1 CWRS-13.5%.10/	221.00	6.01	+1.00	154.50
U.S. No. 2 DNS/NS: 14%.10/	193.00	5.25	-1.50	148.50
U.S. No. 2 S.R.W. 11/	199.75	5.44	+3.75	155.00
No. 3 H.A.D...........10/	207.00	5.63	-3.00	161.00
Canadian No. 1 A: Durum10/	212.00	5.77	-6.00	168.00
Feed grains:				
U.S. No. 3 Yellow Corn.11/	136.50	3.47	-5.50	108.50
Soyeans and Meal:				
U.S. No. 2 Yellow......11/	305.00	--	-9.50	256.75
Brazil 47/48% Soya Pellets13/	306.00	--	-11.00	236.00
U.S. 44% Soybean Meal..11/	277.00	--	-20.00	224.00
U.S. FARM PRICES 3/				
Wheat	149.90	4.08	+1.47	105.44
Barley....................	96.85	2.46	-4.72	72.05
Corn......................	95.08	2.07	+1.38	62.92
Sorghum...................	86.42	3.92 2/	-3.75	64.15
Broilers..................	1,261.69	--	+13.23	860.90
EC IMPORT LEVIES				
Wheat 5/..................	127.37	3.47	+9.97	234.97
Barley....................	132.53	2.89	-0.83	222.72
Corn......................	141.85	3.60	+7.83	205.26
Sorghum...................	153.86	3.91	+7.25	216.85
Broilers 4/ 6/ 8/.........	495.00	--	-5.00	554.00
EC INTERVENTION PRICES 7/ 9/				
Common wheat(feed quality)	199.68	5.43	+2.20	217.06
Bread wheat (min. quality)	209.92	5.71	+2.32	228.09
Maize.....................	209.92	5.33	+2.32	228.09
Barley and all other feed grains, excluding maize.	199.68	--	+2.20	217.06
Broilers 4/ 6/...........	1,466.00	--	-12.00	1,627.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	67.23	1.83	-3.31	219.38
Barley....................	82.51	1.80	+2.76	149.29
Broilers 4/ 6/ 8/.........	564.00	--	-6.00	559.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ April/May delivery. 11/ February delivery. 12/ January/March delivery. 13/ SPOT FOB. N.A.=None authorized. N.Q.=Not quoted.

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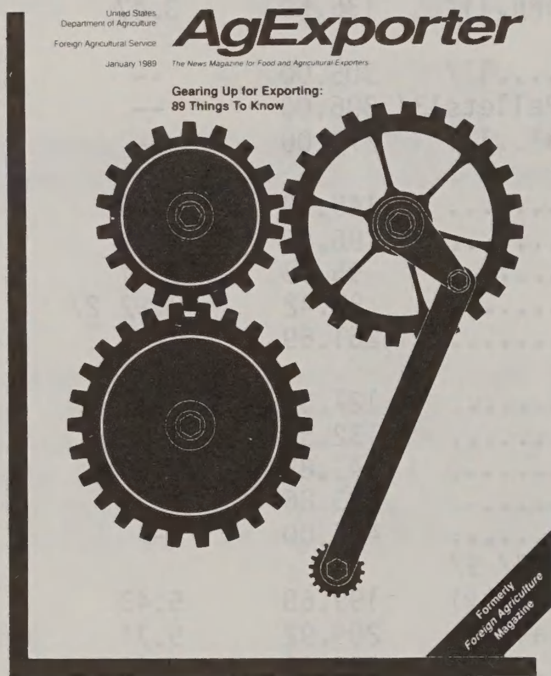

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